



2020 Statutory Money Purchase Illustration (SMPI) assumptions

We are required by law to give you an annual statement showing how much your pension benefits are worth now and what they could grow to by the time you reach retirement. This is known as a Statutory Money Purchase Illustration (SMPI). You can find your SMPI by logging onto [Your account](#).

The pension figures shown in this section are all shown in current money terms. This means that your pension is projected to your target retirement age using the assumptions below and is then converted into 'today's prices' by stripping out the effect of inflation at 2.5% a year.

These assumptions are different to the 'realistic assumptions' used to calculate your estimated DC account value and pension at your target retirement age. If you compare your projected pension under SMPI assumptions to the projection under 'realistic' assumptions, the SMPI projection will be different.

The assumptions we use in working out your pension figures in the SMPI are set by law. The assumptions are:

- Your pension will be paid in monthly instalments starting at your target retirement age and will continue throughout your lifetime.
- You will remain in the same section you're currently in and will continue you to make the same level of contributions that you were making on 29 May 2020 until your target retirement age.
- No further contributions will be made to your external AVC accounts.
- You will be married at your retirement and choose to buy a pension that includes a 50% spouse's pension.
- If you are male, your spouse will be three years younger, and if you are female your spouse will be three years older.
- Administration expenses on purchase of your annuity are 4% of your account.
- RPI inflation is assumed to be 2.5% a year.
- The annuity rate applied to convert your fund to an annual income is calculated using the yield on UK Government Index-Linked Gilts on 15 February 2019.
- The annual investment returns for each fund are assumed to be the same return above inflation as assumed for your estimated DC pension at your target retirement age.
- If you have NRCS AVCs, these have not been taken into account in the SMPI calculation.
- Any pension increases that are applied are assumed to be in line with inflation.